



May 30, 2014

California Public Utilities Commission (CPUC)
Attention: Energy Division
505 Van Ness Avenue
San Francisco, California 94102

**Re: GRID Alternatives' Informal Comments to Possible Guiding Principles and Program Elements
for Successor NEM Tariff or Contract Pursuant to Assembly Bill 327**

To Whom it May Concern:

GRID Alternatives ("GRID") appreciates the opportunity to provide informal comments as solicited by the CPUC on May 14, 2014 following the *Public Workshop Discussion of NEM Successor Tariff or Contract Options* as related to Assembly Bill (AB) 327.

1.) BACKGROUND

In the three solar-related bills passed by the California Legislature and signed into law by Governor Brown in 2013 (SB 43, AB 217, AB 327; relevant synopsis below), the State of California demonstrated its unequivocal support for inclusive solar policies that promote equity and access for all ratepayers, including low-income customers and residents of disadvantaged communities who are unlikely to otherwise have access in the general solar market.

- **SB 43** contains a 100MW set aside for "disadvantaged communities" – these are communities which have historically been disproportionately impacted by traditional electricity generation, transport, and other industries creating poor air quality, and many of these communities are located in air quality districts with the state's worst pollution – the same districts targeted by SB 43 for air quality improvement.
- **AB 217** extends the funding for the state's groundbreaking dedicated low-income solar programs – The Single-family Affordable Solar Homes (SASH) and Multi-family Affordable Solar Housing (MASH) Programs – until 2021. The SASH/MASH Programs enable low-income residents in affordable housing to access solar technologies and also create job training opportunities and pathways to employment for solar job trainees.
- **AB 327**, in restructuring the Net Energy Metering (NEM) program in CA among its other components, has a legislative mandate to: "Ensure that the standard contract or tariff made available to eligible customer-generators ensures that customer-sited renewable distributed generation continues to grow sustainably and *include specific alternatives designed for growth among residential customers in disadvantaged communities*¹". [Emphasis added]

The benefits of residential solar in low-income communities are far-reaching and often not easily quantifiable, such as generating benefits for society at large including creating job training opportunities, promoting consumer education and awareness, and supporting neighborhood improvement and resilience. Clearly, the California Legislature has demonstrated its ongoing support for solar equity and increasing access to solar technologies and solar jobs in disadvantaged communities has been upheld as an important statewide policy objective even as the California Solar Initiative sunsets. It is in this light that GRID submits its comments on AB 327's successor NEM tariff or contract.

¹ Assem. Bill 327 (Perea), 2012-2013 Reg. Sess Ch.611, Section 2872.1(1), 2013.

2.) THE NEED FOR AN ALTERNATIVE NEM IN DISADVANTAGED COMMUNITIES

GRID Alternatives focuses its comments on AB 327's clause to "*include specific alternatives designed for growth among residential customers in disadvantaged communities*" and discusses considerations for the successor NEM tariff or contract for low-income customers in disadvantaged communities. GRID is the statewide Program Manager for the SASH Program² and uniquely positioned to comment on NEM tariffs and solar value propositions in disadvantaged communities.

As a percentage of income, low-income customers spend the most out of any customer segment on their utility bills. These customers stand to gain the most (as a percentage of income) by installing solar under the existing NEM tariff, and also stand to lose the most through a successor NEM tariff or contract under AB 327.

As a primary sponsor of AB 217, GRID understands that without continued price support, low-income families will remain on the sidelines of the clean energy economy. Despite lowered overall solar equipment pricing, and the rise of lease/PPA financing models in recent years, this customer segment requires dedicated, thoughtful and planned alternative programs in order to participate in CA's growing solar market. Most low-income families are not strong candidates for off-the-shelf lease/PPAs, and upfront costs make purchasing solar outright an equally unfeasible option, as the ability to assume debt or access capital is limited.

Given the existing challenges to bring solar to the low-income market presently under the existing "full retail NEM tariff" even when it is coupled with additional price support through SASH/MASH rebates and other Federal and local incentives, it will only become more difficult to create solar penetration in disadvantaged communities if the NEM successor tariff or contract value proposition is reduced significantly for low-income customers. The language of AB 327 to "*include **specific alternatives designed for growth among residential customers in disadvantaged communities***" directs the CPUC to set appropriate tariffs that encourage low-income participation, and GRID urges the Commission to take deliberate measures to develop a distinct NEM tariff or contract alternative that maintains the highest possible value proposition for interconnected solar projects in disadvantaged communities.

The language of AB 327 also mandates an alternative tariff or contract that is "*designed for **growth among residential customers in disadvantaged communities***." For the rate of solar adoption to actually *increase* on the residential side in low-income communities, it is imperative that the new NEM tariff or contract be created for this customer segment that preserves full retail NEM, or as close to full retail NEM as possible, for these projects. Without continued and dedicated price support, in this case through the most generous NEM tariff or contract possible from the customer perspective, GRID is firmly convinced that solar uptake will not increase for low-income residents in disadvantaged communities.

3.) PROGRAM ELEMENT RECOMMENDATIONS

GRID recognizes that how the Commission opts to define "disadvantaged communities" will be critical in determining which residential customers would be eligible for one of the "specific alternatives" for these

² The SASH Program exclusively serves low-income families by providing up front rebates to help income-qualified homeowners residing in PUC Code 2852-compliant affordable housing buy down the upfront cost of solar, thereby allowing low-income families to access the benefits of solar that they otherwise would be unable to afford. Since 2009, over 3,700 low-income California families have interconnected PV-solar electric systems on their homes in the 3 IOU territories through the SASH Program and over 500 additional projects are currently in process. Additionally, thousands of volunteers and job trainees have obtained hands-on training, and paid pathways to employment, through this program.

communities delineated in AB 327. GRID believes that the Legislative intent is to ensure solar reaches disadvantaged customers and communities that otherwise would not otherwise have access under general market program structures. To create significant solar uptake and growth with these customers and communities, the NEM tariff or contract alternative should include as many low-income customer segments as possible.

At a minimum, GRID recommends that the following customers segments be eligible:

- 1.) All SASH and MASH Program participants
- 2.) All CARE- eligible customers
- 3.) Customers located in one of the top 20% of disadvantaged communities disproportionately burdened by pollution sources identified by CalEnviroScreen³ and as used in California's "Cap and Trade" program
- 4.) In addition, GRID recognizes that there are other existing methods to identify distressed and disadvantaged communities including qualified census tracts, Federally-designated Empowerment Zones, Enterprise Communities, and Targeted Employment Areas, and others that GRID may not have considered which may be appropriate for inclusion.

As mentioned by other stakeholders at the Public Workshop, GRID supports preserving Virtual Net Energy Metering (VNEM) in MASH as an important policy mechanism for MASH projects to be able to create more direct tenant benefit and bill impact for low-income residents.

4.) CONCLUSION

GRID Alternatives appreciates the opportunity to provide these informal comments as solicited by the CPUC following the *Public Workshop Discussion of NEM Successor Tariff or Contract Options* as related to Assembly Bill 327 and hopes they are helpful to the Energy Division and the Commission.

Sincerely,



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³ California Office of Environmental Health Hazard Assessment website; <http://oehha.ca.gov/ej/ces2.html>.